

Documents Show Company Policies Tossed Aside to Accommodate Loans for Sen. Dodd, Sen. Conrad, others

WASHINGTON D.C. – An Oversight and Government Reform Committee Republican report Countrywide Financial Corporation’s infamous VIP and Friends of Angelo Program offers new insight into the inner workings of Countrywide’s efforts to buy friends in critical government and industry positions affecting the company’s business interests.

“This investigation finds that Countrywide embarked in a determined and calculated effort to buy influence – employees openly weighed the political influence of targeted officials when deciding what perks to offer,” said Issa. “Countrywide VIPs in positions of key responsibility didn’t innocently stumble into loans with reduced rates and waived fees – they were recruited into the program personally by high-ranking company officials including former CEO Angelo Mozilo.”

“VIPs weren’t just offered good service. Company policies were thrown in the trash in a rush to offer preferential treatment to VIPs such as Senator Kent Conrad and Senator Chris Dodd. Those who were supposed to oversee the lending practices and relationship between Countrywide and Fannie Mae were actually in bed with them.”

“I have asked Oversight and

Government Reform Committee

Chairman

Edolphus

Towns to join me in requesting all

Countrywide VIP and lobbying documents from Bank of America so that the full extent of this influence buying operation program can be investigated. Despite our work, questions remain about the 'Friends of Angelo' program and the identities of others who likely received improper benefits."

Highlights of the report include:

- Documents explain that access to Countrywide's VIP program was not based on good credit or exceptionally large loans, but on personal referrals from those at the highest levels of Countrywide. Those whose referrals to the VIP program that came from former CEO Angelo Mozilo were known internally as "Friends of Angelo (FOA)."
- Countrywide's VIP loan program was a tool with which Countrywide built its relationship with Congress and protected its relationship with Fannie Mae. Senior Countrywide officials and lobbyists openly and explicitly weighed the value of relationships with potentially influential borrowers against the cost to Countrywide in terms of forfeited fees and payments.
- Countrywide's internal software calculated rates for borrowers based on established industry criteria, including loan-to-value ratio, debt-to-income ratio, and credit history. Manual overrides were necessary to breach company policy in order to accommodate VIP borrowers including Senator Kent Conrad, Senator Christopher Dodd, Former Fannie Mae CEO James Johnson, Special Representative for Afghanistan and Pakistan Richard Holbrooke, and House Staff member Clinton Jones.
- Countrywide VIP account executive Robert Feinberg testified it was the practice of VIP loan officers to communicate to "Friends of Angelo" they were receiving special pricing and preferential treatment. Documents obtained by the Committee confirm this. VIP borrowers were informed Angelo Mozilo personally priced their loans and they relied on their status as "Friends of Angelo" to guarantee preferential treatment for themselves and others. Borrowers previously processed through the VIP department expected discounts on subsequent refinances. In case a borrower had any doubt about which department was processing a loan, Countrywide loan officers attached business cards to loan documents clearly indicating the officers processing the loan worked in the VIP unit.
- Names of previously undisclosed VIPs include including lobbyists, trade association employees, senior Fannie Mae employees, other industry insiders, and individuals working in

and employed by the media.

- Rebuts arguments by former Fannie Mae CEO Franklin Raines, who testified under oath that he did not receive preferential treatment.

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